MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

PMA0064 – ESSENTIALS OF MANAGEMENT ACCOUNTING

(Foundation in Management)

1 JUNE 2018
3.00PM – 5.00PM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOUR** pages (excluding cover page) with **FOUR** questions.
2. Answer **ALL** questions.
3. Print your answers in the Answer Booklet provided.

Question 1

Rishdar Berhad uses activity-based costing to assist management in setting prices for the company's three major product lines. The following information is available:

Activity Cost Pool	Estimated Overhead	Expected Use of Cost Driver per Activity
Cutting	RM950,000	20,000 labour hours
Stripping	6,000,000	300,000 machine hours
Inspection	2,500,000	100,000 labour hours
Packing	700,000	150,000 finished goods units

Actual information as follows:

Activity Cost Pool	Cost Driver Usage
Cutting	23,000 labour hours
Stripping	310,000 machine hours
Inspection	115,000 labour hours
Packing	135,000 finished goods units

Required

a) Compute the activity-based overhead rates for each activity. (6 marks)
b) Compute the overhead cost assigned to each activity. (16 marks)
c) Discuss the differences between traditional and activity-based costing. (3 marks)

(Total 25 marks)

Question 2

TRANS manufactures and sells a single product, product M. The information about product M is as follow:

	RM
Selling price	28
Variable manufacturing cost	8
Variable selling and administration cost	4

Details for the month of March 2018 are as follows.

	March
Production of M	750 units
Sales of M	600 units
Fixed manufacturing overhead	RM4,500
Fixed non-manufacturing cost	RM3,750

The normal production of product M is 900 units.

Required

a) Compute the product cost per unit by using variable and absorption costing method. (4 marks)

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b) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018 using absorption costing. (11 marks)

c) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018 using variable costing. (10 marks)

(Total 25 marks)

Question 3

Part A

Elena Bakery received a special order for chocolate fudge cakes. The total units being ordered is 500 units. The selling price for this cake will be RM80 per cake. The bakery has enough capacity to accept this special order. The cost to make one unit of chocolate fudge cake is as below:

Direct materials	RM30
Direct labour	RM15
Variable manufacturing overhead	RM10
Fixed manufacturing overhead	RM15
Variable selling cost	RM5

Required

i) Calculate the total relevant costs for the special order. (3 marks)

ii) Calculate the total relevant revenue from the special order. (2 marks)

iii) What will be Elena Bakery's change in operating income if they accept the special order? (3 marks)

iv) Should Elena Bakery accept the order? Explain why or why not. (2 marks)

Part B

Wales Berhad, operating at full capacity, sold 128,000 units of jackets at a price of RM100 per unit. The information for year 2017 is as follows:

	RM	RM
Sales		24,000,000
Cost of goods sold		(6,000,000)
Gross profit		18,000,000
Expenses		
Selling expenses	4,000,000	
Administrative expenses	2,000,000	(6,000,000)
Net profit		12,000,000

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The division between fixed and variable is as follows:

	Fixed	Variable
Cost of goods sold	40%	60%
Selling expenses	50%	50%
Administrative expenses	60%	40%

Management is considering to expand the plant that will increase yearly sales by RM1,800,000. The proposed programme of expansion will increase fixed cost by RM240,000, but will not affect the relationship between sales and variable cost.

Required

i) Determine the total fixed cost and variable cost for 2017. (7 marks)

ii) Determine for 2017:
   a) variable cost per unit (1 mark)
   b) contribution margin per unit (1 mark)

iii) Compute the breakeven sales in units for 2017 using the mathematical approach. (2 marks)

iv) Compute the breakeven sales in units under the proposed programme of expansion using the mathematical approach. (2 marks)

v) Compute the amount of sales in units that would be necessary under the proposed programme of expansion to achieve the RM8,400,000 of income from operations that was earned in 2017. (2 marks)

(Total 25 marks)

Question 4

Londonus Donut Company has determined from its production budget the following estimated production volumes for 10" Donut and 16" Donut for July 2018:

	10" Donut	16" Donut
Budgeted production volume (units)	20,000	40,000

There are three direct materials used in producing the two types of donuts. The quantities of direct materials expected to be used for each donut are as follows:

	10" Donut	16" Donut
Dough	0.60 kg per unit	1.00 kg per unit
Sugar	0.40 kg per unit	0.80 kg per unit
Cheese cream	0.20 kg per unit	0.60 kg per unit

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In addition, Londonus Donut has determined the following information about each material:

	Dough	Sugar	Cheese cream
Inventory, 1 July 2018	600 kg	200 kg	400 kg
Inventory, 31 July 2018	700 kg	300 kg	500 kg
Purchase price per kg	RM2.00	RM1.00	RM4.00

Required

Prepare the direct materials purchases budget for July 2018.

(Total 25 marks)

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